

Expert testimony by HRF president Thor Halvorssen at the Canadian Parliament in support of the Sergei Magnitsky Law

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In March 2015, President Obama issued a new Executive Order imposing targeted sanctions, especially visa denials and asset freezes, against seven Venezuelan government officials involved in perpetrating or covering the extrajudicial killing and torturing of dozens of prodemocracy student demonstrators. The targeted sanctions were in implementation of the Venezuela Defense of Human Rights and Civil Society Act of 2014, which the President signed on December 18, 2014.

In April 2013, the Obama administration had already published a list of 18 Russian individuals targeted with similar sanctions. This time the sanctions were pursuant to the Sergei Magnitsky Rule of Law Accountability Act of 2012 passed on November 2012 and signed into law on December 14, 2012 by President Obama. Two years after that, on December 29 2014, Secretary Kerry added four more names to the list, and noted that, "going forward, although there will be fewer future designations of persons tied to Mr Magnitsky's death, the State Department is committed to continuing to administer the Magnitsky Act by turning to designations of those associated with gross human rights violations."

HRF has celebrated these actions by explaining the following policy points:

1. Dictatorships would be powerless if they didn't have enforcers willing to arbitrarily arrest, torture, and execute innocent people.
2. These sanctions target the individuals who have chosen to become enforcers of brutality, injustice, and oppression at whatever cost to their fellow citizens.
3. Under the reality of authoritarian governments, enforcers are seldom immoral outliers, but are instead normal people who have rationally and carefully weighed their alternatives and decided that remaining on the side of a mighty dictator would give them and their families continued prestige, stability, security, maybe extra cash, and for some even the ability to have their children travel regularly to prosperous and democratic Western countries.
4. Simple targeted sanctions like visa denials and asset freezes by democratic countries like the United States have the potential to change the mindset of government enforcers and motivate them to abandon the oppressive political structures they currently prop up.

Distinguished members of parliament: As you well know, Canada currently lacks legal instruments that would allow this great human rights-promoting, democratic nation to enact similarly "simple targeted sanctions" against the world's most repressive regimes and the individuals that, being part of their dictatorial structures, are most notorious for enforcing torture, extrajudicial killings and forced disappearances against their fellow countrymen.

In one word, Canada today lacks an explicit legal instrument allowing this nation to prevent the entrance and to freeze the assets of the worst individuals in world's worst dictatorships that are perpetrating the most egregious human rights violations against the most innocent of persons.

Today, it is big time corruption and hundreds of millions of dollars that underpin these crimes. As Bill Browder, the colleague of Sergei Magnitsky in whose memory as spearheaded the global effort at bringing his killers into justice, has said before this committee, "It has recently emerged that proceeds from a \$230 million fraud in Russia were sent to Canada:"

This is no surprise for us at HRF, as we now have 10 years of experience exposing corruption and egregious human rights abuses in countries as various as Venezuela, Kazakhstan, Equatorial Guinea or Gabon, which are so different culturally, but so similar institutionally.

During my prior appearance before this committee on a related topic a few weeks ago, based on HRF's experience, I noted that:

- The modern dictator — removed from any honest pursuit of a communist utopia or from embodying its right-wing antithesis — is almost pathologically a kleptocrat. He may even justify his own enrichment as well-deserved compensation for his services keeping the nation open for business. To achieve this, he relies on significant natural resources from mines of gold and diamond, to oil and gas reserves, to vast forests and water to secure a more prosperous future for himself and his family.
- Most importantly, he relies on domestic cronies who operate in excellent terms domestically and through unhinged joint ventures with Western companies that ready to take a significant share of the spoils in return for silent complicity. The dictators proxies and cronies, of course, are free to travel to the West, own luxury apartments, and make significant investments elsewhere.

In order to continue to underline the global nature of corruption and the use of Canada's financial system let me provide a different example. A group of Venezuelan businessman formed a criminal association—it operates using the name Derwick Associates. The principals are in their twenties and thirties. They had no prior experience whatsoever in government contracting yet in the space of one year the government of Venezuela provided them with twelve construction and procurement contracts for power plants. The businessmen, Venezuelans who also hold a second passport including Spain, Italy, and Germany, subcontracted all of the work to a second-rate company in the United States. Derwick then overbilled the Venezuelan government by almost 2 billion dollars and carried out an exchange rate fraud. The total amount stolen by these men exceeds \$4 billion Canadian dollars. They paid kickbacks to Venezuelan government officials and then set about laundering their money. They laundered part of this money using the Royal Bank of Canada. They then invested hundreds of millions of their ill-gotten gains into numerous ventures including two oil companies. One a Texas company called Harvest Natural Resources. They also bought 20% of a publicly traded Canadian corporation by the name of Pacific Rubiales Energy and thanks to their shenanigans the shares of Pacific Rubiales tumbled to historic lows causing losses in the hundreds of millions of dollars in value for shareholders. In Canada these men don't operate under the name Derwick Associates. Here they use the name "O'Hara group," The names of these individuals are Leopoldo Alejandro Betancourt, Pedro Jose Trebbau, Francisco Convit, Orlando Alvarado, and Francisco D'Agostino Casado. This last individual is the brother in law of the current president of the Venezuelan legislature, Henry Ramos.

Distinguished members of parliament: Any act of corruption in conjunction with a dictatorial

government is by necessity an action that empowers the government and enables it to continue to violate human rights with impunity. It is an action that entrenches a dictatorship. In the case of Derwick Associates they have engaged in bribery, kickbacks, money laundering, and racketeering. They have used their ill-gotten wealth to engage in false arrest and persecution of whistleblowers. They have carried out smear campaigns against Whistleblowers in four different countries and they have corrupted the financial systems of Spain, Andorra, the United States, and Canada.

Currently, under the Special Economic Measures Act (SEMA) and absent a UN Security Council resolution, the Government of Canada has authority to impose sanctions on foreign jurisdictions and persons *only* when the government is of the opinion that "grave breach of international peace and security has occurred that is likely to result in a serious international crisis."

What the proposed Justice for Victims of Corrupt Foreign Officials Act or Sergei Magnitsky Act will do is to add "gross violations of internationally recognized human rights, especially torture and extrajudicial executions," as a ground that would also trigger sanctions under SEMA against foreign states and nationals.

By passing this globally-focused Magnitsky legislation, Canada now has the opportunity to catch up and far exceed current U.S. sanctions legislation regarding specific countries like Russia and Venezuela. Moreover, by doing this, Canada may not only honor a bipartisan campaign promise from 2015, but may become the world beacon for human rights accountability, while at the same time preventing gross human rights abusers from the world's worst dictatorships from being able to use the benefits of Canada's solid property rights system and prosperous way of life.

On behalf of the human rights community that everyday interacts with dissidents like Sergei Magnitsky worldwide who risk everything to bring democracy and basic freedoms to their nations, I urge you to send them the message that their oppressors with their ill-gotten money are not welcome in Canada.

I urge you to pass the "Justice for Victims of Corrupt Foreign Officials Act," or "Sergei Magnitsky Law" for short. I urge you to pass this "Act to provide for the taking of restrictive measures in respect of foreign nationals responsible for gross violations of internationally recognized human rights and to make related amendments to the Special Economic Measures Act and the Immigration and Refugee Protection Act."